

Elliot Mainzer  
Executive Vice President, Corporate Strategy  
Bonneville Power Administration P.O. Box 3621 Portland, OR 97208-3621  
Subject: PPL Companies Comments on Draft Business Practice for Environmental Redispatch

Mr. Mainzer:

PPL EnergyPlus, LLC and PPL Montana, LLC ("PPL Companies") appreciate the opportunity to submit comments on the BPA Transmission Services' Draft Business Practice on Environmental Redispatch (ER). The PPL Companies have an interest in this proceeding because they generate or market electric generation in the Pacific Northwest and have an LGIA request for the Thompson Falls hydro-generation facility (a run-of-the-river facility) into the BPA Balancing Authority (BA).

The PPL Companies previously submitted comments concerning the Draft Environmental Redispatch and Negative Pricing Record of Decision and urged BPA to delay implementing its proposal pending a full analysis of the economic and legal issues and further discussions with stakeholders. As the PPL Companies explained, BPA has proposed to fundamentally alter the rights of interconnected generators and transmission customers on its system without fully analyzing the grave negative consequences of its decision in the region. Accordingly, the PPL Companies urged BPA to suspend its ER proposal and work with market participants to redesign it to avoid the numerous economic and legal issues raised by the proposal.

Following are the PPL Companies additional comments on BPA's proposed Draft Business Practice for Environmental Redispatch:

- 1) Generators subject to ER: BPA states all non-Federal generators in BPA's Balancing Authority Area are subject to ER.
  - a. The PPL Companies request BPA to clarify that federally licensed hydroelectric projects will be exempt from the ER proposal. All such hydroelectric facilities should be exempt from ER for the very reasons that BPA must declare an ER event. In particular, run-of-river hydro should not be subject to ER which would result in additional spills at the non-BPA hydro projects. All federally licensed hydro projects must be operated to meet FERC license requirements and many of the same environmental requirements with which BPA is required to meet. It would be unduly discriminatory to treat non-BPA hydro differently than BPA hydro.

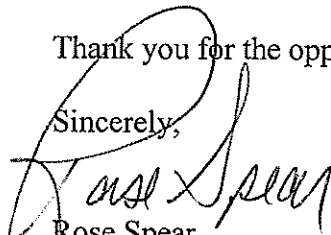
Additionally, there are several less significant, but still important issues:

- 2) BPA does not plan to adjust e-tags for the new generator source.
  - a. With ER, there will almost certainly be changes in power flow patterns and utilization of flowgates on the BPA system. The PPL Companies would expect that BPA enforce all customary energy and transmission scheduling and e-tag policies and practices for revised transmission schedules to ensure compliance with its OATT, its business practices, its contractual obligations for transmission and interconnection, and to ensure system reliability. The PPL Companies request that for real-time redispatch, BPA ensure that all other schedules (those not redispatched) remain unaffected so as not to disrupt the hourly markets in the Pacific Northwest and adjacent regions.
- 3) BPA should document in a written policy that its eligible purchases from outside the BA which would otherwise have been imported into the balancing area will be cut prior to an ER.
- 4) BPA should state clearly all charges that will be waived during an ER event and describe the details of implementing such waivers. For example, BPA has stated that both imbalance charges and charges that would otherwise apply under Failure to Comply with BPA's DSO 216 are not applicable during an ER event. The details should be included in the final approved Business Practice.

The PPL Companies request that BPA modify its ER proposal and any business practice adopted in this proceeding consistent with the above recommendations.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Rose Spear", is written over the word "Sincerely,".

Rose Spear  
Director, Trading & Marketing  
PPL EnergyPlus, LLC